

Methodology for Determining Hired Equipment Rental Rates

California Interagency Emergency Equipment Rental Rates May 1, 2002 – April 30, 2005

California Department of Forestry and Fire Protection
Fire Protection Operations Section
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Wildland fire protection is a difficult and unpredictable business that sometimes outstrips the ability of fire agencies to suppress all fires with their own resources. Therefore the agencies must often supplement their own resources with those from the private sector.

Since time is the essence of fire suppression, the California Department of Forestry and Fire Protection (CDF) and the federal wildfire protection agencies, (including the US Forest Service, US Bureau of Land Management, and the National Park Service) have been granted exemptions from competitive bidding requirements when they attempt to secure vendor assistance in emergency firefighting work.

In exchange for this exemption, and in order to minimize differences in the way they hire, utilize, and pay for the services of private sector hired equipment vendors and contractors, the agencies have developed and use a standard payment rate for hired equipment services. This rate is intended to compensate all vendors equally at a rate that covers all of their costs, that gives them a respectable profit, and that provides them with an incentive to pull off of other work in progress to perform firefighting work.

Methodology for Establishing Rates

In order to establish a logical basis for the rate schedule, CDF and USFS staff consulted authoritative industry sources to determine all of the cost factors that are appropriate to consider in establishing an equipment rental rate. Labor rates were based on the current US Department of Labor rates that federal agencies are required to pay for union and non-union labor services.

Rate References:

Green Book: This is the 2001 "AED Green Book : Rental Rates & Specifications for Construction Equipment", published by EquipmentWatch, a unit of Intertec Publishing, 1735 Technology Drive, Suite 410, San Jose CA 95110-1333. (800) 669-3282; www.equipmentwatch.com.

Blue Book: This is the "Rental Rate Blue Book for Construction Equipment, Volume 1", published by EquipmentWatch, a unit of Intertec Publishing, 1735

Technology Drive, Suite 410, San Jose CA 95110-1333. (800) 669-3282;
www.equipmentwatch.com.

Both of these publications are “researched and published to meet the needs of the construction industry in rental agreements, construction contracts, force accounts, claim work, litigation, and cost accounting.” They are intended by the publisher to serve as “the standard reference for rental rates on all classes of construction equipment”, providing “industry standard rates for negotiating equipment cost reimbursement”, “using independent, unbiased cost analysis.” Rates shown reflect average rates charged by vendors throughout the US. These publications are “specified by more than 47 state departments of transportation”, and is “the only privately researched and published equipment rate guide approved by the FHWA for use on federally-funded construction projects.” Rates shown in the Emergency Equipment Rental Rate schedule are based on Green Book costs for new equipment, and are not depreciated.

Rental Equipment Rate Guide: Published by Miramar Communications, Inc., 23815 Stuart Ranch Road, Malibu CA 90265-8987. Intended by the publisher to serve as a complete source of rental rates. Rates are based on 50 factors that affect business costs associated with the rental of various kinds of construction and other equipment.

Audit Labor Rate: This is the US Department of Labor’s “Davis-Bacon” rate. It is the union scale rate that must be paid on federally-funded construction projects. This rate is comparable to the California Department of Industrial Relations “Prevailing Wage Rate.” In order to qualify for the Audit Rate, the vendor must show proof that employees are paid at least the amount indicated in the Rate Guide. This amount may vary for different types of equipment.

Independent Labor Rate: This rate is based on the June 2001 US Department of Labor “Service Contract Act (SCA) Rate”, which is the minimum wage that the federal government requires a contractor to pay his employees for firefighting work performed under federal service contracts.

The Davis-Bacon Rate and the California Prevailing Wage Rate differ by county. The single rate shown for the Audit Rate is based on the average Davis-Bacon rate for all California counties. The SCA rate is a statewide rate.

Past Practice Rate: This rate is used when no other appropriate rate basis could be located, and when payment at the 1999-2001 rate yielded a sufficient number of hires without complaint from the vendor community. Rate is the 1999-2001 rate, plus a 3.9% increase based on the increase in the US Bureau of Labor Statistics Producer Price Index (PPI) for the period 1999-2001.

The following definitions refer to terms used on the Equipment Rates Calculation Spreadsheets.

Bulldozer, Excavator, Grader, Backhoe Rates:

Hourly Wet Rate With Operator: Rate is Green Book rate plus 40% for operating cost and incentive, plus 1-1/2 years of projected inflation (using the past three year rates)

Burdened Audit or Independent Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs

Daily Guaranty Audit or Independent Rate with One Operator: Guaranty is 8 hours work rate

Daily Guaranty Audit or Independent Rate with 2 Operators: Guaranty is 8 hours work rate (without operator) plus 16 hours labor

Transport (Tractor/Trailer) Rates:

Rates are from the Blue Book utilizing the following sizes:

2-axle Tractor: Diesel Powered 4x2 Tractor, 30,000# GVW, 210 HP, with no trailer

3-axle Tractor: Diesel Powered 6x4 Tractor, 50,000# GVW, 310 HP, with no trailer

3S1 Combination: Diesel Powered 6x4 Tractor, 50,000# GVW, 310 HP, with drop deck, 2 axle, 17', 40 ton trailer

3S2 18-wheel Combination: Diesel Powered 6x4 Tractor, 75,000# GVW, 400 HP, with drop deck, 3 axle, 17', 50 ton trailer

3S2 24-wheel Combination: Diesel Powered 6x4 Tractor, 75,000# GVW, 400 HP, with drop deck, 4 axle, 18', 60 ton trailer

Tractor Hourly Rate: Weekly Rate divided by 32, based on Blue Book estimated usage.

Rental Rate Per Hour: Hourly Rate plus hourly operating cost for tractor and trailer (if applicable)

Burdened Audit or Independent Labor Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs

Daily Guaranty Audit or Independent Rate with 1 Operator: 1 operator guarantee is 8 hours labor and 8 hours rental rate, plus 1/2 day for pilot vehicle

Daily Guaranty Audit or Independent Rate with 2 Operators: 2 operator guarantee is 8 hours rental rate and 16 hours labor.

Mileage Rate: Daily Guaranty divided by 350 miles.

NOTE: Rates have been increased to cover 1-1/2 years of inflation. *However, some rates may still be lower than the 1999-2001 rates.* In those cases, payment at or above the previous rates could not be justified on the basis of Blue Book costs.

NOTE: Rates for 3S2 18- and 26-wheel combinations include payment for a pilot vehicle.

Pilot Vehicle Rates:

Guaranty Rate Without Operator: Past Practice Rate. Guaranty for vehicle is mileage rate times 300 miles.

Burdened Audit or Independent Labor Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs, including cost of hiring, employers social security contribution, workmen's compensation, etc.

NOTE: Rates for a single pilot car are included in the rate for 3S2 18- and 26-wheel combination bulldozer transport trucks.

Water Tender Rates: Based on Blue Book rates.

Additional Equipment and Incentives: Amount includes cost of additional equipment, such as pump, protective clothing, hose, etc. In addition a factor was put in to provide incentive to contractors to respond.

Daily Rate Without Operator: Rate is based on 16 hours use.

Burdened Audit or Independent Labor Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs, including cost of hiring, employers social security contribution, workmen's compensation, etc.

Net Audit or Independent Rate with 1 Operator: Rate is 16 hours labor, plus 16 hours of unoperated hourly rate.

Net Audit or Independent Rate with 2 Operators: Rate is 24 hours labor, plus 24 hours at unoperated hourly rate, plus \$75.00 for a transport vehicle so the operators can switch at shift change.

NOTE: Water Tender Rates have been increased to cover 1-1/2 years of inflation

Water Trailer with and Without Pump Rate:

Rate paid is the Past Practice Rate.

Compressed Air Foam System (CAFS) Rate:

If CAFS capability is specifically requested and used, the Past Practice Rate is paid in addition to the rate paid for the vehicle (normally a water tender or fire engine).

Fuel Tender Rate: based on Blue Book rates.

Additional Equipment and Incentives: Amount includes cost of additional equipment, such as meters, spill kits, etc. In addition a factor was put in to provide incentive to contractors to respond

Daily Rate Without Operator: Rate is based on 16 hours use

Burdened Audit or Independent Labor Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs, including cost of hiring, employers social security contribution, workmen's compensation, etc.

Net Audit or Independent Rate with 1 Operator: Rate is 16 hours labor, plus 16 hours of unoperated hourly rate plus \$150 per day for full licensing

Net Audit or Independent Rate with 2 Operators: Rate is 24 hours labor, plus 24 hours at unoperated hourly rate, plus \$75.00 for a transport vehicle so the operators can switch at shift change plus \$150 per day for full licensing.

NOTE: Rates have been increased to cover 1-1/2 years of inflation

Potable Water Truck Rates: based on Blue Book rates.

Additional Equipment and Incentives: Amount includes cost of additional equipment, such as pump, faucets, and the cost of maintaining a sanitized unit. In addition a factor was put in to provide incentive to contractors to respond.

Daily Rate Without Operator: Rate is based on 16 hours use.

Burdened Audit or Independent Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs, including cost of hiring, employers social security contribution, workman compensation, etc.

Net Audit or Independent Rate with 1 Operator: Rate is 16 hours labor, plus 16 hours of unoperated hourly rate plus \$150 per day for full licensing.

Net Audit or Independent Rate with 2 Operators: Rate is 24 hours labor, plus 24 hours at unoperated hourly rate, plus \$75.00 for a transport vehicle so the operators can switch at shift change plus \$150 per day for full licensing.

NOTE: Rates have been increased to cover 1-1/2 years of inflation

Gray Water Truck Rates: Based on Blue Book rates.

Additional Equipment and Incentives: Amount includes cost of additional equipment, such as pump, hoses, etc. In addition a factor was put in to provide incentive to contractors to respond.

Daily Rate Without Operator: Rate is based on 16 hours use.

Burdened Audit or Independent Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs, including employers social security contribution, workman compensation, etc.

Net Audit or Independent Rate with 1 Operator: Rate is 16 hours labor, plus 16 hours of unoperated hourly rate plus \$150 per day for full licensing.

Net Audit or Independent Rate with 2 Operators: Rate is 24 hours labor, plus 24 hours at unoperated hourly rate, plus \$75.00 for a transport vehicle so the operators can switch at shift change plus \$150 per day for full licensing.

NOTE: Rates have been increased to cover 1-1/2 years of inflation

Chainsaw Rates: Based on Rental Equipment Register rates.

Work Rate with Factor for Overtime and Social Security: Rate is 8 hours at base rate plus 4 hours at 1-1/2, divided by 12. 15% is added for employers share of expenses such as Social Security, Unemployment Insurance, etc.

Daily Saw Rental Without Operator: Rates are from Rental Equipment Register.

Total Hourly Module Rate: Includes payment for saw, operator, any necessary tools such as jacks, wedges, etc., insurance, fuel, maintenance, and transportation.

Refrigerated Truck Rates:

Daily Rental (Dry): Rate is based on a 2002 USFS vendor survey, and includes commercial daily rate plus 100 miles driven.

Burdened Audit or Independent Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs

Refrigerated Trailer Rates:

Rate paid is the Past Practice Rate.

Special Vehicles Rates:

Rate paid is 99 rate, plus 80% of the rate times .039 (PPI for constr. Equip) plus 20% of the rate times .424 (CPI for fuel). These changes reflect the changes in Producer Price Index (Equipment) and Consumer Price Index (Fuel) over the past three years and were obtained from the US Bureau of Labor Statistics Consumer Price Index.

Service Vehicles Rates:

NOTE: Most vendors of service vehicles already have established rates for these vehicles and related service. The rates shown are a guide in determining whether or not the vendor's stated rental rates are reasonable.

Hourly Rental With Operator: Rate is based on a 2002 USFS industry survey of hourly rental rates with operator. This cost is used as the "Independent Rate"

Burdened Independent or Audit Rate: Rate is 8 hours of base labor, plus 4 hours of time and 1/2, divided by 12, plus 40% for overhead costs.

Daily Guaranty Audit or Independent Rate: Daily guaranty is 8 hours.

Hourly Audit Rental Rate: Hourly rate for audit rate is the independent rate plus the difference between the audit labor rate and independent labor rate